



August 2019

# KENTUCKY LABOR FORCE UPDATE

## Unemployment in Depth: Alternative Measures of Labor Underutilization

Unemployment statistics are among the most commonly accessed Labor Market Information products and are used in decisions ranging from federal grant distribution to local workforce planning. But at times, standard unemployment statistics may prove too broad to adequately capture specific groups of individuals that are underutilized in the labor force, such as discouraged workers or long-term unemployed. For this reason, the Bureau of Labor Statistics (BLS) aggregates responses to the Current Population Survey (CPS) to publish six alternative measures of labor underutilization (described below with 2018 annual estimates for Kentucky).

U-1  
1.3%

**Accounts for: Persons unemployed 15 weeks or longer.**

U-2  
1.8%

**Accounts for: Persons who have lost their jobs or who have completed temporary jobs.**

U-3  
4.4%

**Accounts for: Total unemployed.**

U-4  
5.3%

**Accounts for: Total unemployed and discouraged workers.**

U-5  
5.3%

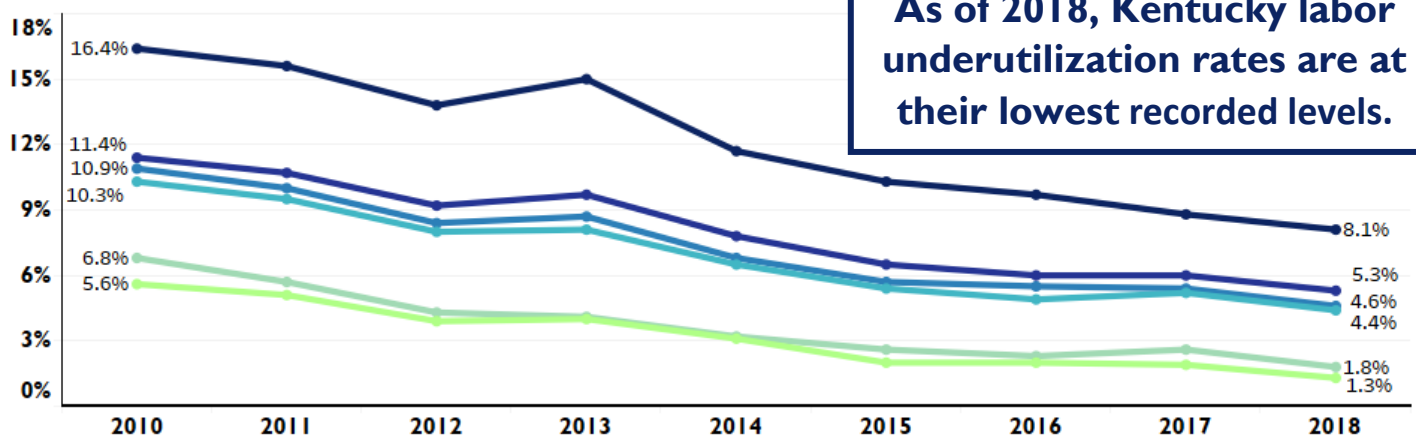
**Accounts for: Total unemployed, discouraged workers, and all marginally attached workers.**

U-6  
8.1%

**Accounts for: Total unemployed, all marginally attached workers, and those employed part-time for economic reasons.**

The BLS' claim that "all six measures of labor underutilization move together over time, including across business cycles"<sup>1</sup> has largely held true for Kentucky since 2010. By 2018, each measure (expressed as a rate) had reached its lowest point in the years for which estimates are published (2003-present). While the measures themselves are not necessarily additive (e.g. U-2 does not include U-1, etc.), each measure is intended to capture an increasingly wider range of underutilized individuals. The most comprehensive measure, U-6, indicates that unemployed persons, marginally attached workers, and involuntary part-time workers comprised 8.1% of the civilian labor force plus marginally attached workers during 2018.

*Kentucky Labor Underutilization Measures by Year, 2010-2018*



## ALSO IN THIS ISSUE:

- ◇ Labor Force Estimates (LAUS) June 2019
- ◇ Labor Force Estimates (CES) June 2019
- ◇ Unemployment Ins. Claims June 2019
- ◇ Q4 2018 Business Employment Dynamics



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## **Kentucky Labor Force Update**

A monthly publication of the  
Kentucky Center for Statistics (KYSTATS)  
**Jessica Cunningham, Ph.D., Executive Director**  
**Ashley Jones, Labor Market Information Branch Manager**

Kentucky Center for Statistics  
1050 Hwy US-127  
Frankfort, KY 40601  
KYSTATS.KY.GOV

For requests and inquiries, contact  
Sam Keathley • Samuel.Keathley@ky.gov • 502.782.3208

Contributors to *Kentucky Labor Force Update* this month:  
Kimberly Gester, Sam Keathley, and Kasi House

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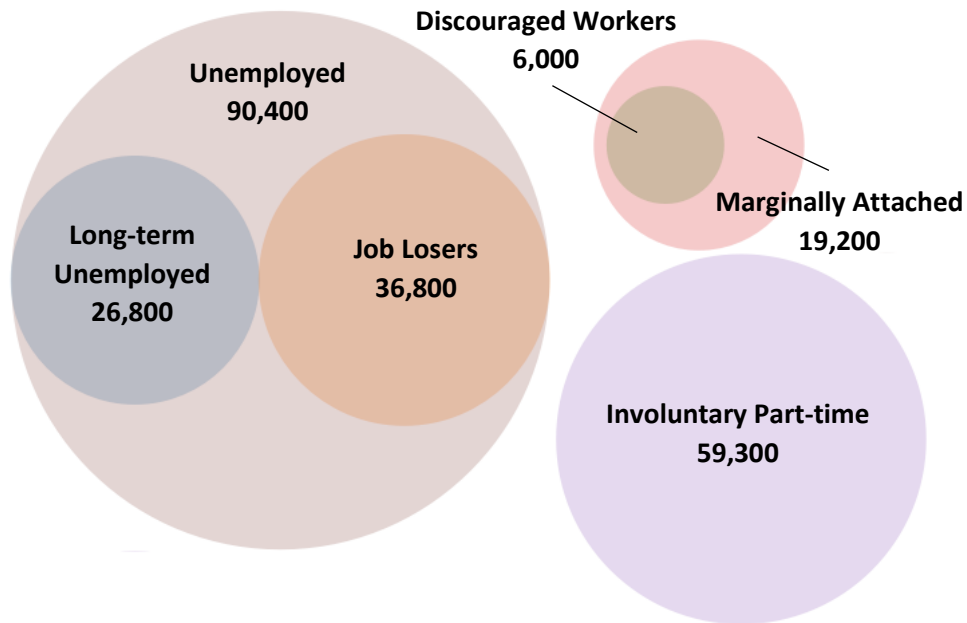
*Kentucky Labor Force Update, Kentucky Center for Statistics (KYSTATS)*



# Unemployment in Depth: Alternative Measures of Labor Underutilization

Twenty-six thousand eight hundred individuals (or, expressed as the U-1 measure, 1.3% of the civilian labor force) were estimated to be unemployed 15 weeks or longer in Kentucky in 2018. This was lower than the estimate for the U.S. as a whole (1.4%). Similarly, the rate of individuals having lost jobs or completed temporary work arrangements in Kentucky (measure U-2) matched that of the nation as a whole for 2018 (1.8%). U-3 indicates that in 2018, 4.4% of the civilian labor force was not employed, but was available for (and actively seeking) work. Note that U-3 shares a conceptual definition with the unemployment rate estimates published by KYSTATS and the BLS from their Local Area Unemployment Statistics (LAUS) program, but is calculated separately using CPS responses.

*Groups of Underutilized Labor<sup>2</sup> in Kentucky, 2018*



Discouraged workers – the smallest group of underutilized labor in Kentucky – are workers who desire employment, are available for employment, and have sought employment in the last 12 months, but are not in the labor force. There were an estimated 6,000 such individuals in the state in 2018 – producing a U-4 measure of 4.6% when considered alongside traditional unemployed. The inclusion of marginally attached persons, which is a group including anyone who has failed to seek employment for more than one month, distinguishes U-5 from U-4. When considered alongside traditional unemployed, the 19,200 marginally attached persons represent a U-5 rate of 5.3% in Kentucky (higher than the national rate of 4.8% for the same time period). Finally, U-6 incorporates involuntary part time workers, a group of 59,300 workers who would prefer full-time work but reported that they work in part time jobs for economic reasons. Other than the general category of ‘unemployed,’ involuntary part-time employed are the largest group of underutilized labor in the state. Moreover, since these individuals are earning wages, involuntary part time workers are unique among underutilized labor groups in that they *are not* eligible for inclusion among the unemployed, but *are* still actively participating in the civilian labor force.

Alternative measures of underutilization are published by the BLS on a quarterly basis. For additional context on Kentucky’s official unemployment rate (not shown here), or data/estimates from other BLS statistical programs, please visit [KYSTATS.ky.gov](https://www.bls.gov/lau/stalt.htm).

<sup>1</sup> <https://www.bls.gov/lau/stalt.htm>

<sup>2</sup> Groups of underutilized labor are not mutually exclusive. Marginally attached include discouraged workers. Unemployed includes job losers and long-term unemployed.



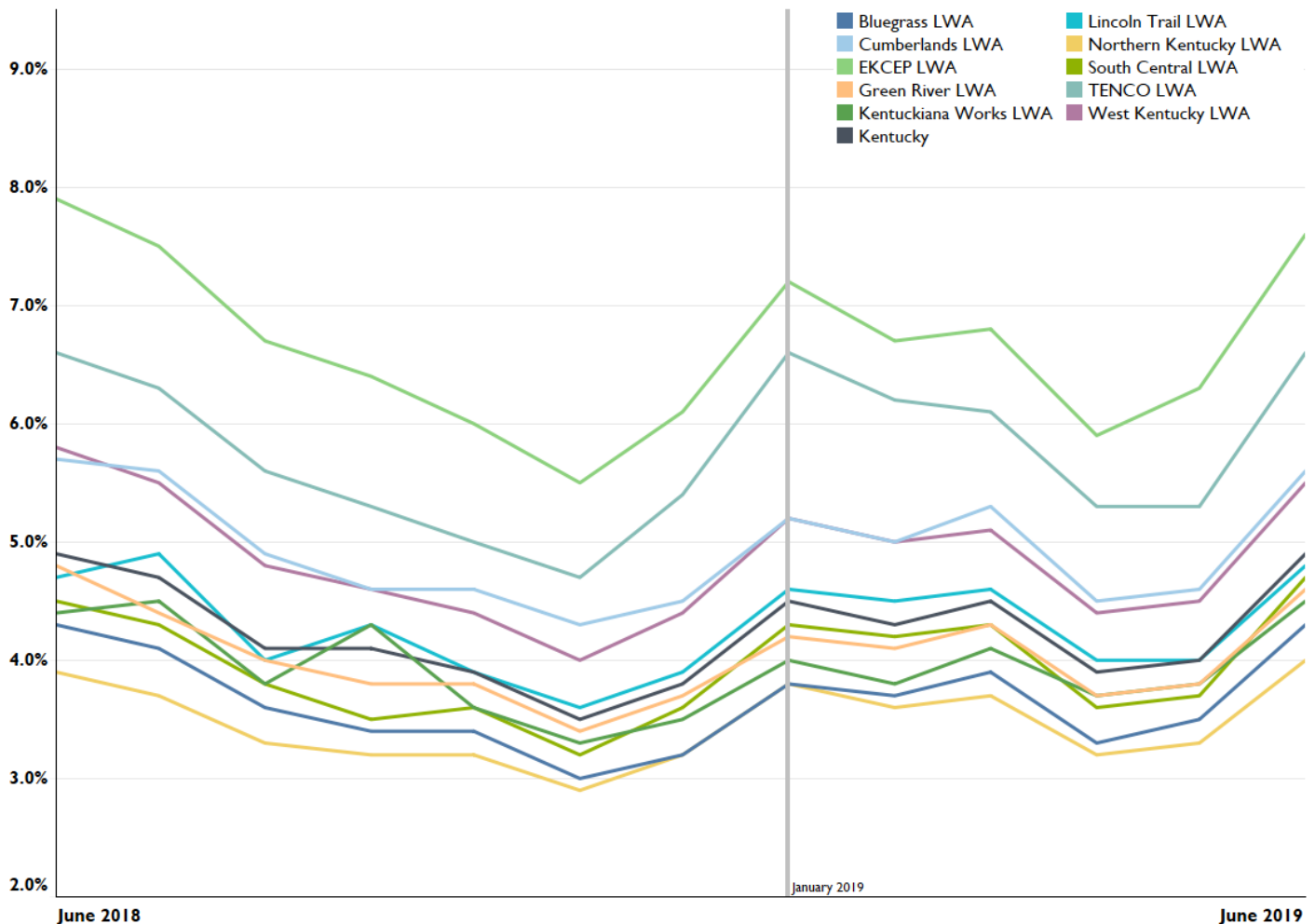
# June 2019 Labor Force Estimates (LAUS)

Source: KYSTATS, Local Area Unemployment Statistics (LAUS)\*

	June 2019	May 2019	June 2018	OVER-the-MONTH Change	Rate	OVER-the-YEAR Change	Rate
Civilian Labor Force	2,066,962	2,067,057	2,065,030	-95	0.0%	1,932	0.1%
Employment	1,982,138	1,983,771	1,973,985	-1,633	-0.1%	8,153	0.4%
Unemployment	84,824	83,286	91,045	1,538	1.8%	-6,221	-6.8%
Unemployment Rate	4.1%	4.0%	4.4%	0.1%	-	-0.3%	-
U.S. Unemployment Rate	3.7%	3.6%	4.0%	0.1%	-	-0.3%	-

\* Estimates shown in the table above are seasonally adjusted. June 2019 estimates are preliminary and subject to revision.

## Unemployment Rate by Local Workforce Area and State



\* Estimates shown in the chart above are not seasonally adjusted. June 2019 estimates are preliminary and subject to revision.



# June 2019 Labor Force Estimates (CES)

Source: KYSTATS, Current Employment Statistics (CES)\*

	Jun 2019	May 2019	Jun 2018	OVER-the-MONTH		OVER-the-YEAR	
				Change	Rate	Change	Rate
<b>Total Nonfarm Employment</b>	<b>1,954,800</b>	<b>1,950,700</b>	<b>1,934,100</b>	<b>4,100</b>	<b>0.2%</b>	<b>20,700</b>	<b>1.1%</b>
<b>Private Sector Employment</b>	<b>1,641,700</b>	<b>1,638,100</b>	<b>1,619,900</b>	<b>3,600</b>	<b>0.2%</b>	<b>21,800</b>	<b>1.3%</b>
<b>Goods Producing Industries</b>	<b>346,400</b>	<b>346,000</b>	<b>339,300</b>	<b>400</b>	<b>0.1%</b>	<b>7,100</b>	<b>2.1%</b>
Mining and Logging	10,200	10,400	10,100	-200	-1.9%	100	1.0%
Construction	80,200	80,300	78,000	-100	-0.1%	2,200	2.8%
Manufacturing	256,000	255,300	251,200	700	0.3%	4,800	1.9%
Durable Goods	167,200	166,500	163,400	700	0.4%	3,800	2.3%
Non-durable Goods	88,800	88,800	87,800	0	0.0%	1,000	1.1%
<b>Private Service Providing Industries</b>	<b>1,295,300</b>	<b>1,292,100</b>	<b>1,280,600</b>	<b>3,200</b>	<b>0.2%</b>	<b>14,700</b>	<b>1.1%</b>
Trade, Transportation, & Utilities	406,500	405,900	405,100	600	0.1%	1,400	0.3%
Wholesale Trade	74,700	74,900	74,800	-200	-0.3%	-100	-0.1%
Retail Trade	213,200	213,400	215,200	-200	-0.1%	-2,000	-0.9%
Transp, Warehousing, & Util.	118,600	117,600	115,100	1,000	0.9%	3,500	3.0%
Information	22,000	22,000	22,200	0	0.0%	-200	-0.9%
Financial Activities	93,500	93,200	93,100	300	0.3%	400	0.4%
Finance and Insurance	73,100	72,700	73,400	400	0.6%	-300	-0.4%
Real Estate, Rental & Leasing	20,400	20,500	19,700	-100	-0.5%	700	3.6%
Professional and Business Services	218,000	216,600	218,800	1,400	0.6%	-800	-0.4%
Prof, Scientific, & Tech Services	77,500	76,700	76,300	800	1.0%	1,200	1.6%
Management of Companies	20,900	20,700	20,500	200	1.0%	400	2.0%
Admin & Support & Waste Mgmt	119,600	119,200	122,000	400	0.3%	-2,400	-2.0%
Educational & Health Services	287,600	286,300	278,300	1,300	0.5%	9,300	3.3%
Educational Services	30,300	30,200	29,200	100	0.3%	1,100	3.8%
Health Care & Social Assistance	257,300	256,100	249,100	1,200	0.5%	8,200	3.3%
Leisure and Hospitality	201,600	201,500	197,500	100	0.0%	4,100	2.1%
Arts, Entertainment & Recreation	23,100	22,800	23,100	300	1.3%	0	0.0%
Accommodation & Food Services	178,500	178,700	174,400	-200	-0.1%	4,100	2.4%
Other Services	66,100	66,600	65,600	-500	-0.8%	500	0.8%
<b>Government</b>	<b>313,100</b>	<b>312,600</b>	<b>314,200</b>	<b>500</b>	<b>0.2%</b>	<b>-1,100</b>	<b>-0.4%</b>
Federal	36,300	36,200	36,000	100	0.3%	300	0.8%
State	93,300	93,300	94,400	0	0.0%	-1,100	-1.2%
Local	183,500	183,100	183,800	400	0.2%	-300	-0.2%

\* Estimates are seasonally adjusted. June 2019 estimates are preliminary and subject to revision.



# Unemployment Insurance Claims June 2019

Source: U.S. Dept. of Labor, Employment and Training Administration

Month	Initial Claims	First Payments	Weeks Claimed	Weeks Compensated	Average Weekly Benefit	Benefits Paid	Final Payments
6/30/2018	15,974	3,549	73,020	63,967	\$332.05	\$21,316,145	1,065
7/31/2018	23,169	5,097	105,655	92,626	\$343.98	\$31,915,100	1,565
8/31/2018	8,393	3,316	72,220	67,823	\$336.07	\$22,891,972	1,381
9/30/2018	17,977	2,997	64,427	72,171	\$340.67	\$24,679,872	1,312
10/31/2018	8,340	2,817	70,942	62,601	\$346.01	\$21,718,218	1,308
11/30/2018	11,629	2,553	60,459	53,298	\$347.80	\$18,585,342	982
12/31/2018	16,320	3,393	66,452	57,885	\$343.45	\$19,967,923	1,061
1/31/2019	17,896	6,795	93,400	78,628	\$345.70	\$27,310,045	1,257
2/28/2019	13,347	4,466	87,716	76,053	\$350.53	\$26,770,130	1,103
3/31/2019	8,327	2,919	79,384	71,924	\$345.00	\$24,914,450	1,100
4/30/2019	9,109	2,948	78,957	68,554	\$356.26	\$24,493,113	1,245
5/31/2019	9,446	2,902	63,719	56,412	\$357.08	\$20,216,805	1,059
6/30/2019	10,274	2,890	63,623	56,359	\$347.79	\$19,710,185	994

Data queried from <https://oui.doleta.gov/> on 7/25/2019.



# Business Employment Dynamics (BED), Q4 2018

Source: U.S. Dept. of Labor, Employment and Training Administration

Industry	Employment Gains		
	From Expansions	From Openings	Total
<b>Total Private</b>	<b>79,590</b>	<b>17,819</b>	<b>97,409</b>
Construction	5,979	1,966	7,945
Education and Health Services	9,385	2,954	12,339
Financial Activities	2,939	1,059	3,998
Information	729	340	1,069
Leisure and Hospitality	14,036	3,104	17,140
Manufacturing	7,715	652	8,367
Professional and Business Services	13,273	3,668	16,941
Retail Trade	9,797	1,761	11,558
Transportation and Warehousing	8,439	555	8,994
Wholesale Trade	3,067	479	3,546
Other Services	2,616	844	3,460

Industry	Employment Losses		
	From Contractions	From Closings	Total
<b>Total Private</b>	<b>71,722</b>	<b>15,414</b>	<b>87,136</b>
Construction	6,153	1,474	7,627
Education and Health Services	8,523	2,488	11,011
Financial Activities	3,112	952	4,064
Information	1,024	410	1,434
Leisure and Hospitality	12,571	2,209	14,780
Manufacturing	5,190	459	5,649
Professional and Business Services	14,702	3,318	18,020
Retail Trade	10,368	1,791	12,159
Transportation and Warehousing	3,975	535	4,510
Wholesale Trade	2,554	878	3,432
Other Services	2,477	635	3,112

Data are seasonally adjusted. Queried from <https://data.bls.gov> on 7/25/19.





# Fun Facts: Back to School Shopping



As summer is winding down and vacations are ending, it is time to start thinking about going back to school. KYSTATS estimates that there are more than 700,000 students and nearly 50,000 teachers in the state's public and private schools from preschool through 12<sup>th</sup> grade. In addition, there are thousands of other school staff going back to work in the fall including bus drivers, cafeteria workers, librarians, teacher assistants, and resource officers. That is a lot of people heading back to school this fall! Many, especially teachers and students, are going to need some new things to get the year started off right – everything from student supplies like backpacks, notebooks, pencils, and folders to classroom staples like chalk, markers, scissors, and pens as well as new school clothes for everyone.

As evidenced by the number of ads promoting sales, retailers are ready. In Kentucky, back to school shoppers have many choices on where to make their purchases including:

- 979 Clothing stores
  - 244 Shoe stores
  - 95 Book stores
  - 1,336 General merchandise stores
  - 114 Office supplies and stationery stores.
- (Source: 2018 Quarterly Census of Employment and Wages)

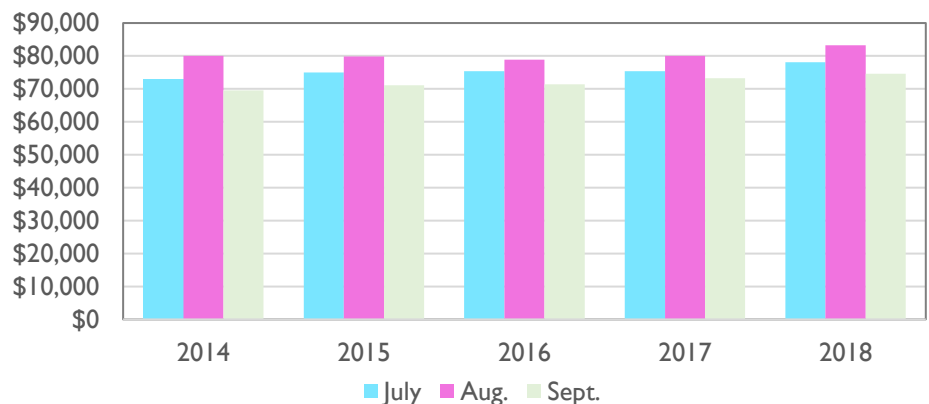
National retail sales show a clear uptick at retailers catering to students and teachers in the month of August: clothing stores (NAICS 4481), shoe stores (NAICS 4482), book stores (NAICS 451211), general merchandise stores (NAICS 452) and office supplies and stationery stores (NAICS 45321). The adjacent chart presents combined monthly retail sales for these establishments between 2014 and 2018 in the U.S.

As indicated in the chart,

sales at these retailers increased in August in each of the five years presented. In 2018, total sales at back to school retailers throughout the U.S. increased 6.6 percent in August from July. Sales at these establishments were the highest in 2018 with nearly \$83.3 billion, an increase of 4.1 percent since August 2017.

(Note: Similar sales data are not available for Kentucky.)

Back to School Retail Sales in the U.S., 2014-2018  
(in millions)



Source: U.S. Census Bureau, Monthly Retail Trade Survey, not seasonally adjusted data



# KYSTATS in the News

The Kentucky Center for Statistics (KYSTATS) is hosting its biennial Data Use Conference this September 4-5 at the Brown Hotel in Louisville.

This is a free conference, and all are invited to attend. Registration is limited to the first 200 attendees, so use [this link](#) register before it is too late!

[Click here](#) for a preview of the conference agenda.



Do you know what career best suits your knowledge, skills, and abilities? Do you know what that career typically pays, and what it takes to be qualified for a relevant job opening? If you're not sure, try out the [KYSTATS Career Explorer](#)!



Interested in the number of teachers entering the workforce, and where they're finding employment? Explore the [Teacher Preparation Feedback Report](#) to learn more!



The [Career and Technical Education Feedback Report](#) examines employment outcomes as they relate to Career and Technical Education (CTE) trends in Kentucky high schools. This month, this dashboard will be updated with new data to reflect the 2017-2018 academic year!

You can learn about recent data releases, research and reports by the Labor Market Information Branch by visiting our website: <https://kystats.ky.gov/KYLM>.



Follow us on Twitter **@KYSTATS** for registration opportunities and event announcements

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